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Tricky Tiger

Editor, The Wall Street Journal:

The Soviet Union always seems to bring out the extremes in Americans. On the one hand the Russians are said to constitute the most serious external threat to our country since the War of 1812. On the other hand, their strength is said to be vastly overrated when all the time their false facade hides a paper tiger. Soviet accomplishments in space bring out the first type of panic and the recent Central Intelligence Agency report that the growth of the USSR is now only 2.5% a year brings out over-confidence.

Inadvertently, in reporting the CIA findings, The Wall Street Journal in its editorial of Jan. 13 ("Growth, Gaps and Gadgets") seems to have fallen victim to some of this over-confidence. Although it presents a very careful discussion of the statistical shortcomings involved in any type of measurement or comparison of gross national product, it nonetheless likens the disappearance of what it calls the "growth gap" to the "missile gap." Thus the editorial says: "Certainly the CIA analysis seems far more in line with reality than the loud cries of doom of a few years back." The implication is that it is not so much the Russian economy that has faltered, but the statistical estimates which have been altered.

In fact, however, a few years before the present Soviet economic difficulties, the CIA itself, as did most other Western economists, reported a Soviet growth rate that was as high as 10% a year. What has happened is that in the interim the Soviet economy has suffered from several bad harvests and a fall in the production of certain consumer goods. The growth rate has also suffered from the switch in emphasis from heavy capital goods to chemicals and other more sophisticated products.

It is important to understand that while statistical calculations are indeed subject to numerous errors, the CIA results are not due to a more realistic appraisal but to the fact that the Soviet economy is going through a time of relative difficulty.

There remains the question of what will the Soviet growth rate be in the future and how will it compare to ours. While it is unwise to base U.S. public policy only on Soviet successes, it is equally dangerous to move to the other extremes and base it on what appear to be statistical paper tigers.

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